

DECISION MEMORANDUM

TO: COMMISSIONER KEMPTON
COMMISSIONER SMITH
COMMISSIONER REDFORD
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: NEIL PRICE

DATE: JANUARY 13, 2010

SUBJECT: IDAHO POWER COMPANY'S APPLICATION FOR AUTHORITY TO SELL TO RAFT RIVER RURAL ELECTRIC COOPERATIVE, INC. CERTAIN ELECTRIC DISTRIBUTION FACILITIES CURRENTLY OWNED BY IDAHO POWER; CASE NO. IPC-E-09-31

On November 10, 2009, Idaho Power Company ("Idaho Power" or "Company") filed an Application with the Commission for authority, pursuant to *Idaho Code* § 61-328 and RP 52, to sell to Raft River Electric Cooperative, Inc. ("Raft River") certain electric distribution facilities and appurtenant rights-of-way owned by Idaho Power in southern Twin Falls County, Idaho.

On December 16, 2009, the Commission issued a Notice of Application, Notice of Modified Procedure and Notice of Public Hearing. *See* Order No. 30963. The Notice established a 21-day comment period and announced that a public hearing would be held on January 12, 2010, in the Commission's Hearing Room. Subsequently, the public hearing was held and Commission Staff was the only party to submit written comments regarding the Company's Application.

THE APPLICATION

Idaho Power's Application states that "Raft River is a non-profit cooperative electrical corporation, incorporated under the laws of the state of Idaho, providing retail electric service to its members in the states of Idaho, Utah, and Nevada." *Application* at 2. Raft River is headquartered in Malta, Cassia County, Idaho and serves customers in Idaho, Utah, and Nevada. *Id.* "Raft River is not subject to regulation by the Commission." *Id.*

In the proposed transaction, Idaho Power has agreed to sell to Raft River the portion of the Border 011 Feeder Line (“Feeder Line”), approximately 1.5 miles, located in the State of Idaho. *Id.* In its Application, Idaho Power cites to the approval of its joint application in IPC-E-00-17 wherein Raft River acquired the portion of the Feeder Line located in the State of Nevada as part of the transaction pertaining to the sale of “certain Idaho Power electrical distribution facilities in southern Owyhee County, Idaho.” *Id.*; *see also* Order No. 28631. The Feeder Line is “used solely to serve Raft River and is classified as a dedicated distribution primary facility.” *Id.* The wholesale transportation of energy across the Feeder Line to Raft River’s facilities is subject to FERC jurisdiction. *Id.*

Idaho Power’s method of valuation for the Feeder Line, including appurtenant right-of-way permits, “will be . . . the net book cost as valued on Idaho Power’s books and records immediately prior to the closing date adjusted for income tax impacts.” *Id.* at 3. “Idaho Power estimates that the sale price will be approximately \$72,000.00, including a tax gross-up.” *Id.* Idaho Power does not use the Feeder Line to serve any retail customers. *Id.*

On December 21, 2009, Idaho Power submitted a Motion to Amend its original Application and modify the sale price of the facilities from \$72,000 to approximately \$44,000. *See Motion to Amend* at 2. In the Company’s estimation, it would not be “unnecessary for the Company to require a tax gross up to fairly price the facilities to be sold.” *Id.*

STAFF COMMENTS

Staff conducted an audit and investigation of Idaho Power’s Application. *Staff Comments* at 3. Staff reviewed the Company’s documentation regarding the valuation of the property to be sold to Raft River and “found the valuation to be reasonable.” *Id.* Staff believes that, similar to the Commission’s ultimate finding in IPC-E-00-17, “the current proposed sale of the Border 011 Feeder Line is also in the public interest as it better assigns the responsibility to maintain the line to Raft River and its customers served by the line.” *Id.* Staff emphasized that Idaho Power does not have any retail customers served by the Feeder Line and the “dollar amount is immaterial to Idaho Power’s operations and will have very little impact on Idaho Power customers.” *Id.* Moreover, Raft River has the requisite intent and financial wherewithal to successfully “operate the property in the public service.” *Id.*

STAFF RECOMMENDATION

Staff recommends that the Commission approve Idaho Power's Application to sell the Border 011 Feeder Line to Raft River. *Id.* at 4. Further, Staff recommends that the Company file the following documents with the Commission: (1) the anticipated accounting entries related to the transaction, no later than seven days prior to the closing date of the transaction; (2) closing documents and related accounting entries, no later than seven days after the closing date of the transaction; and (3) the pole attachment agreement between Idaho Power and Raft River, no later than seven days after the closing date of the transaction. *Id.*

PUBLIC HEARING

On December 12, 2010, a public hearing was held pursuant to the requirements found in *Idaho Code* § 61-328. A court reporter was present at the hearing and prepared an official record of the proceeding.

Representatives of Idaho Power, Raft River and Commission Staff were present during the hearing. Chairman Kempton offered a brief summary of the Company's Application and then provided the parties, as well as members of the audience, an opportunity to offer comments pertaining to the Application. No comments were offered by the parties or the public at large.

COMMISSION DECISION

Does the Commission wish to approve Idaho Power's Application for authority, pursuant to *Idaho Code* § 61-328 and RP 52, to sell to Raft River certain electric distribution facilities and appurtenant rights-of-way owned by Idaho Power in southern Twin Falls County, Idaho?



Neil Price
Deputy Attorney General

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